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Judges' Retirement System I Actuarial Valuation as of June 30, 2007

Establishing Recommended Contributions for the Fiscal Year July 1, 2008 through June 30, 2009

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Actuarial Certification

Actuarial Certification

April 2008

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System, as of June 30, 2007. Based on the employee data provided by the CalPERS Judges, Legislators and Volunteer Firefighters Office, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods, as prescribed by the CalPERS Board of Administration, are reasonable for the System.

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Highlights and Executive Summary

Contents

This section contains the following topics:

Highlights & Executive Summary

Purpose of the Report

This actuarial valuation of the Judges' Retirement System of the State of California was performed by CalPERS' staff actuaries as of June 30, 2007 in order to:

- establish actuarially recommended employer contribution for the System for the fiscal year July 1, 2008 through June 30, 2009, under two alternative funding patterns;
- set forth the actuarial assets and projected liabilities of the System as of June 30, 2007;
- provide actuarial information as of June 30, 2007, to the CalPERS Board of Administration and other interested parties; and,

The use of this report for other purposes may be inappropriate.

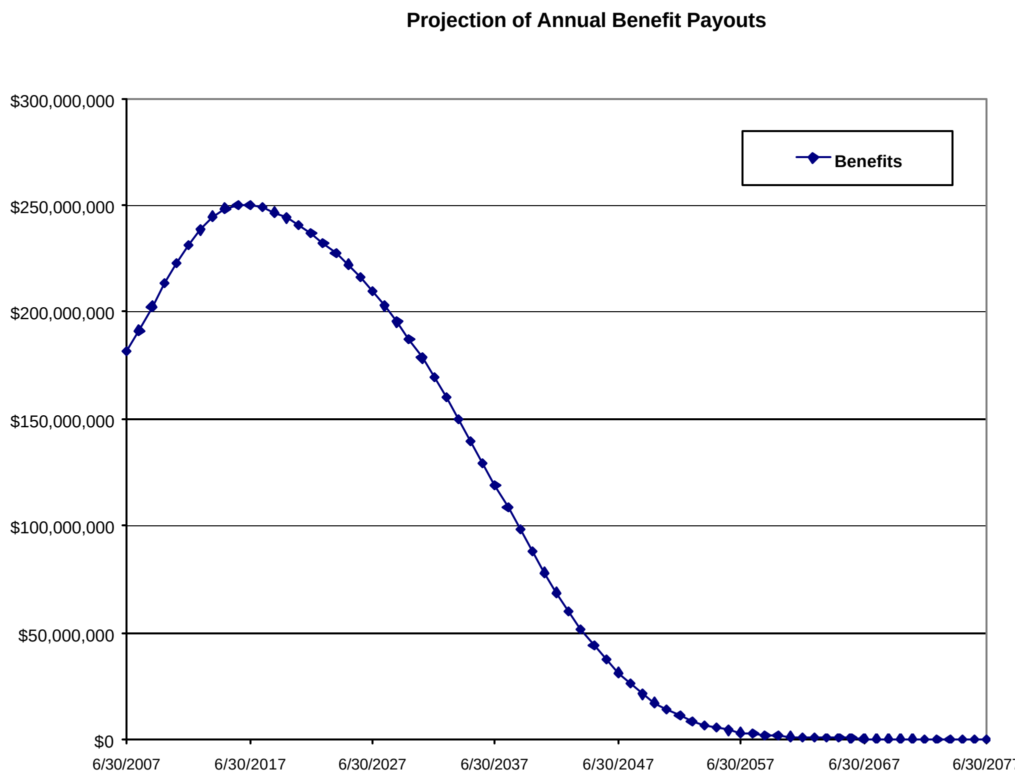
General Discussion

The Judges' Retirement System provides retirement and ancillary benefits to judges elected or appointed prior to November 9, 1994. The employer contribution rate for the System is set by State statute and equals eight percent (8%) of payroll. The member contribution rate is set by State statute and equals eight percent (8%) of payroll.

The State currently funds the System using a pay-as-you-go approach since the eight percent (8%) of payroll contributions made by both the State and members are not adequate to meet the System's current benefit payouts. The graph on the following page shows a projection of future benefit payouts from the System. Funding the System using the pay-as-you-go approach has certain implications for future State budgets and causes concern for the CalPERS Board on the ability of the System to meet its future benefit payout obligations. This concern is heightened as the System is a closed group, with a decreasing payroll base. No new members are permitted to enter the System after November 8, 1994.

Projection of Annual Benefit Payouts

The graph on this page shows a projection of future annual benefit payouts from the System. Total benefit payments from the System are projected to increase from $181 million during the 2007-2008 fiscal year to approximately $250 million in the 2016-2017 fiscal year as active members retire. This will result in significant increases in required contributions from the State to meet the future payout needs of the System.



As a result of this concern, the CalPERS Board has adopted a resolution which provides that the recommended contributions for the System be actuarially determined. The recommended employer contribution level is based on the economic assumptions adopted by the Board for the June 30, 2003 valuation, assuming the State commences prefunding the System as of fiscal year 2008-2009.

The report provides the State with two alternative funding patterns in making actuarially recommended contributions to the System. Alternative 1 develops a level dollar contribution amount over a period of thirty (30) years. The second alternative (Alternative 2) provides that the dollar contributions increase at one percent (1%) per year for a contribution period of thirty (30) years. Under Alternative 2, the anticipated benefit payouts could exceed the fund for some years. If this occurs, the State would need to modify its contributions for those years.

Appendix C shows a more detailed projection of expected statutory contributions, projected future benefit payouts and expected actuarially recommended contributions under the two alternative funding patterns being proposed for consideration for the next ten (10) fiscal years beginning July 1, 2008.

Actuarially Recommended Employer Contributions

The actuarially recommended employer contributions for the two funding patterns (Alternatives 1 and 2) for the fiscal year July 1, 2008 through June 30, 2009, are shown below for the Judges' Retirement System.

Funding Pattern	Actuarially Recommended Contributions for Fiscal 2008-2009
Alternative 1	$226,295,391
Alternative 2	$204,809,493

Other alternative contribution patterns exist, such as one that gradually increases contributions over the next five years and thereafter has contributions remain level (or slightly increasing) over the remaining 25 years. All such alternatives would result in substantially less cash contributions from the State over time when compared to the current pay-as-you-go approach.

For the prior year's valuation of the System, a contribution under the funding pattern for Alternative 1 was $199,708,753.

GASB 27

The employer's annual required contribution (ARC) for the System is determined as a level dollar basis over the average future service of the active members between the valuation and assumed exit dates under the aggregate actuarial cost method. The ARC has been determined according to Statement No. 27 of the Governmental Accounting Standards Board (GASB 27). The ARC for the fiscal year July 1, 2008 through June 30, 2009 is equal to $790,911,681 as developed in Appendix D based on the actuarial assumptions set forth in Appendix A.

Changes Since Prior Valuation

Actuarial Assumptions – There were no changes in the actuarial assumptions since the prior valuation. However, the interest crediting rate for the Extended Service Incentive Program (ESIP), which is based on the rate for 30 year U.S. Treasuries or their equivalent for the month of June of the valuation year increased from 5.16% as of June 2006 to 5.20% as of June 2007. A description of the actuarial assumptions used in the valuation may be found in Appendix A of this report.

Actuarial Methods – There were no changes in the actuarial funding methods since the prior valuation. A description of the actuarial methods used in the valuation may be found in Appendix A of this report.

Plan Provisions – There were no significant plan changes since the prior valuation. A description of the principal plan provisions may be found in Appendix B of this report.

The standard actuarial practice at CalPERS is to recognize benefit changes and salary changes in the first actuarial valuation following the effective date of those changes. This practice is allowed under Federal rules that apply only to non-public retirement plans and is common practice in the private sector.

Comparison of Current and Prior Year Results

	June 30, 2006	June 30, 2007
Members Included in the Valuation		
Active Members	749	681
Deferred Vested Terminated Members & QDRO's	94	92
Receiving Payments	1,661	1,703
Total	2,504	2,476
Covered Annual Payroll	$114,962,265	$119,273,894
Projected Covered Annual Payroll	$108,835,336	$110,772,003
Average Covered Annual Payroll	$153,488	$175,145
Average Attained Age for Actives	60.6	61.3
Present Value of Benefits at Valuation Date		
Actives, Deferred Vested Terminated Members & QDRO's	$1,083,932,154	$1,157,277,792
Receiving Benefits	1,445,164,406	1,686,065,744
Total	$2,529,096,560	$2,843,343,536
Assets		
Market Value	$17,885,942	$11,672,313
Actuarial Value	17,885,942	$11,672,313
Present Value of Future Employee Contributions	$35,293,119	$32,875,919
Present Value of Future Employer Normal Costs	$2,475,917,499	$2,798,795,304
Alternative 1:		
Recommended Employer Contribution*	$199,708,753	$226,295,391
Alternative 2:		
Recommended Employer Contribution**	$180,701,535	$204,809,493

* For the June 30, 2007 valuation, the recommended contribution for fiscal year 2008-2009 is a level dollar contribution amount paid over thirty (30) years by the State for benefits plus expenses paid from the fund.

** For the June 30, 2007 valuation, the recommended contribution for fiscal year 2008-2009 is an increasing dollar contribution amount paid [increasing at one percent (1%) per year] over thirty (30) years by the State for benefits plus expenses paid from the fund.

Supporting Exhibits

Contents

This section contains the following topics:

Summary of Liabilities and Recommended Employer Contributions

Development of Normal Cost & Alternative Recommended Employer Contributions

The following tables on pages 10 and 11 show the development of June 30, 2007 Normal Cost & Alternative Recommended Employer Contributions for Fiscal Year 2008-2009:

Alternative 1 :*

Valuation Date	6/30/2007
1. Present Value of Benefits as of Valuation Date	
a. Active Members	$ 1,069,661,992
b. Deferred Vested Terminated Members & QDRO's	87,615,800
c. Receiving Benefits	1,686,065,744
d. Total	$2,843,343,536
2. Present Value of Future Employee Contributions as of the Valuation Date	$32,875,919
3. Actuarial Value of Assets as of the Valuation Date	$11,672,313
4. Present Value of Required Future Employer Contributions as of the Valuation Date [(1d) – (2) – (3), but not less than zero]	$2,798,795,304
5. Amortization Factor**	13.27767
6. Employer Normal Cost For Benefits [(4) / (5)]	$210,789,642
7. Administrative Expenses	$701,378
8. Total Employer Normal Cost [(6)+(7)]	$211,491,020
9. Total Recommended Employer Contribution for Fiscal Year 2008-2009 [(8) x 1.070]	$226,295,391

* The contribution pattern for benefits under Alternative 1 produces a level dollar amount each year over thirty (30) years.

** A level dollar amortization factor over 30 years has been used here.

Alternative 2 :*

Valuation Date	6/30/2007
1. Present Value of Benefits as of Valuation Date	
a. Active Members	$1,069,661,992
b. Deferred Vested Terminated Members & QDRO's	87,615,800
c. Receiving Benefits	1,686,065,744
d. Total	$2,843,343,536
2. Present Value of Future Employee Contributions as of the Valuation Date	$32,875,919
3. Actuarial Value of Assets as of the Valuation Date	$11,672,313
4. Present Value of Required Future Employer Contributions as of the Valuation Date [(1d) – (2) – (3), but not less than zero]	$2,798,795,304
5. Amortization Factor**	14.67571
6. Employer Normal Cost for Benefits [(4) / (5)]	$190,709,363
7. Administrative Expenses	$701,378
8. Total Employer Normal Cost [(6)+(7)]	$191,410,741
9. Total Recommended Employer Contribution for Fiscal Year 2008-2009 [(8) x 1.070]	$204,809,493

* The contribution pattern for benefits under Alternative 2 produces an increasing dollar amount each year [increasing at one percent (1%) per year] over thirty (30) years.

** An increasing dollar amortization factor over 30 years [increasing at one percent (1%) per year] has been used here.

Summary of Assets

Contents

This section contains the following topics:

Summary of Assets

Shown below is the market value of assets, by asset type, as of June 30, 2007.

Summary of Assets Ending June 30, 2007

Cash & Equivalents	$ 171,562
Receivables (Member, Agency, State, School, Other)	1,619,388
Due from PERF Fund	18,611
Accrued Interest Receivable	208,803
Investments Short Term Domestic Securities	10,023,553
Retirement Benefits in Process of Payment	(4,789)
Due to Other Funds	(82,633)
Other Program Liabilities	(282,182)
Total Assets (Market Value)*	$ 11,672,313

* Market value equals book value. This information was received from the CalPERS Fiscal Services Division.

Reconciliation of Assets

The following displays the change in the market value of assets from the prior valuation date to June 30, 2007.

Reconciliation of Assets from Prior Fiscal Year

Beginning Balance as of 6/30/2006	$ 17,885,942
Prior Year Adjustments	0
Member and Employer Contributions	21,311,604
Other Income	2,590,659
Transfer from General Fund	120,458,000
Interest Income	1,186,370
Contribution Refund	0
Administrative Expenses	(701,378)
Benefit Payments	(151,058,884)
Ending Balance as of 6/30/2007*	$ 11,672,313

* As of June 30, 2007, assets of the fund are invested in short term domestic securities, with the cost and market values of the fund the same value. This information was received from the CalPERS Fiscal Services Division

Summary of Member Data

Contents

This section contains the following topics:

Reconciliation of Members

The table below provides a reconciliation of the member data over the course of the valuation year.

Reconciliation of Members for the Fiscal Year Ending June 30, 2007

	Active Judges	Vested Terminated Judges	Disabled Judges	Retired Judges	Benefi-ciaries	QDRO* Receiving Benefits	QDRO* Not Receiving Benefits	Total Participants
June 30, 2006	749	75	50	1,045	484	82	19	2,504
1. New Entrants	0	N/A	N/A	N/A	N/A	N/A	N/A	0
2. Rehires	1	0	0	0	N/A	N/A	N/A	1
3. Disability Retirements	(3)	N/A	3	0	N/A	N/A	N/A	0
4. Service Retirements	(51)	(15)	N/A	66	N/A	0	0	0
5. Vested Terminations	(13)	13	N/A	N/A	N/A	N/A	N/A	0
6. Termination with Refund	0	0	0	0	0	0	0	0
7. Died, With Beneficiaries' Benefit Payable	(3)	0	(1)	(21)	25	0	N/A	0
8. Divorce Settlements	0	0	0	0	0	4	(1)	3
9. Died, Without Beneficiary; and Other Terminations	0	0	0	(11)	N/A	(1)	0	(12)
10. Beneficiary Deaths	N/A	N/A	N/A	N/A	(22)	N/A	N/A	(22)
11. Data Corrections	1	1	0	0	6	(6)	0	2
June 30, 2007	681	74	52	1,079	493	79	18	2,476

* Qualified Domestic Relations Order

Distribution of Active Members

The following table displays the number of active members by age and service as of June 30, 2007.

Distribution of Active Members by Age & Service
as of June 30, 2007

Attained Age	--Years of Service at Valuation Date--						Total	
	0-4	5-9	10-14	15-19	20-29	30+	No.	Valuation Payroll
15-19	0	0	0	0	0	0	0	$ 0
20-24	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0
45-49	0	0	4	2	0	0	6	1,054,668
50-54	1	0	32	22	3	0	58	10,079,484
55-59	1	1	43	99	69	0	213	37,058,030
60-64	0	0	30	113	80	2	225	39,289,860
65+	0	1	22	68	73	15	179	31,791,852
Total	**2**	**2**	**131**	**304**	**225**	**17**	**681**	**$119,273,894**

Distribution of Average Annual Payroll

The following table displays the average annual payroll of active members by age and service as of June 30, 2007.

Distribution of Average Annual Payroll by Age & Service as of June 30, 2007

--Years of Service at Valuation Date--

Attained Average Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total Valuation Payroll
15-19	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
20-24	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	171,648	184,038	0	0	0	0	175,778
50-54	171,648	0	171,648	176,153	179,908	0	0	0	173,784
55-59	196,428	171,648	171,648	172,900	176,627	177,155	0	0	173,981
60-64	0	0	172,474	172,964	176,237	179,273	196,428	0	174,622
65+	0	171,648	173,901	174,777	180,697	177,595	184,038	189,135	177,608
All Ages	**$184,038**	**$171,648**	**$172,215**	**$173,652**	**$177,743**	**$178,256**	**$186,516**	**$189,135**	**$175,145**

Distribution of Terminated Vested Members & QDRO's Not Receiving Benefits

The following table displays the number of terminated vested members and QDRO's not receiving benefits by age and service as of June 30, 2007.

Distribution of Terminated Vested Members & QDRO's Not Receiving Benefits by Age & Service as of June 30, 2007

Attained	--Years of Service at Valuation Date --							
Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total
15-19	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0
45-49	0	0	0	1	1	0	0	2
50-54	0	0	3	2	2	0	0	7
55-59	0	0	10	19	13	4	0	46
60-64	0	1	7	14	4	5	0	31
65+	0	0	2	4	0	0	0	6
Totals	**0**	**1**	**22**	**40**	**20**	**9**	**0**	**92**

Distribution of Retired Judges, Beneficiaries & QDRO's Receiving Benefits

The following table displays the distribution of retired judges, beneficiaries & QDRO's receiving benefits by age as of June 30, 2007.

Distribution of Retired Judges, Beneficiaries &QDRO's Receiving Benefits by Age as of June 30, 2007

Attained Age	Service & Disability Retired Judges	Beneficiaries & QDRO's	Total
Under 30	0	4	4
30-34	0	0	0
35-39	0	1	1
40-44	0	3	3
45-49	0	3	3
50-54	1	5	6
55-59	4	17	21
60-64	118	45	163
65-69	210	56	266
70-74	228	65	293
75-79	226	95	321
80-84	192	117	309
85+	152	161	313
Total	**1,131**	**572**	**1,703**

Distribution of Annual Benefits for Retirees, Beneficiaries & QDRO's

The following table displays the distribution of annual benefits for retirees, beneficiaries & QDRO's by age as of June 30, 2007.

Distribution of Annual Benefits for Retirees, Beneficiaries & QDRO's By Age as of June 30, 2007

Attained Age	Service & Disability Retired Judges	Beneficiaries & QDRO's	Total
Under 30	$ 0	$ 64,224	$ 64,224
30-34	0	0	0
35-39	0	19,654	19,654
40-44	0	126,934	126,934
45-49	0	143,378	143,378
50-54	111,571	267,234	378,805
55-59	473,797	912,325	1,386,122
60-64	13,582,513	2,300,477	15,882,990
65-69	23,311,113	3,098,298	26,409,411
70-74	25,360,147	3,552,522	28,912,669
75-79	25,166,493	5,391,923	30,558,416
80-84	21,341,262	6,273,401	27,614,663
85+	17,558,726	9,455,652	27,014,378
Total	**$ 126,905,622**	**$ 31,606,022**	**$ 158,511,644**

Appendix A - Statement of Actuarial Methods and Assumptions

Actuarial Funding Method

The method used to determine the recommended employer contribution was the "Aggregate" actuarial cost method.

Under this funding method the actuarial present value of projected pension, termination, death and disability benefits for members and beneficiaries are determined as of the valuation date using the actuarial assumptions set forth below. The recommended employer contribution is determined as the amount needed to amortize the difference between the total present value of all benefits and the sum of (i) the actuarial value of assets and (ii) the present value of future member contributions as of the valuation date.

Amortization Period

The recommended employer contribution has been determined using a thirty (30) year amortization period.

Asset Valuation Method

As of June 30, 2007 the actuarial value of assets equals the market value of the fund plus accrued interest.

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2007 actuarial valuation are shown below.

Economic Assumptions:

Investment Return	7.00% per annum, compounded annually. (Assumes the System is being prefunded.)
Salary Increases	3.25% per annum compounded annually.
Inflation	3.00% per annum compounded annually.
Cost-of-Living Adjustment	Benefits are fully adjusted for increases in wages for the active judges of the same court from which the member retired.

ESIP Interest Crediting Rate:

Based on the rate for 30-year U.S. Treasuries, or their equivalent, for the month of June of the valuation year. This rate for June 2007 equals 5.20%.

Demographic Assumptions:

(a) Assumed rates of decrement for disability, retirement and termination.

The following decrements apply to all members.

Probability of Termination from Active Service

Age	Non-vested Withdrawal	Disability	Vested Termination
40	0.012	0.0008	0.0030
45	0.010	0.0014	0.0043
50	0.012	0.0024	0.0085
55	0.015	0.0041	0.0150
60	0.000	0.0064	0.0180
65	0.000	0.0092	0.0250
70	0.000	0.0000	0.0000

Probability of Service Retirement

Age	Rate	Age	Rate
60	.30	66	.40
61	.60	67	.40
62	.70	68	.45
63	.60	69	.50
64	.60	70	.75
65	.50	71-79	.50
		80	1.00

(b) Mortality

Mortality for active and retired members and beneficiaries is in accordance with the 1994 Group Annuity Mortality Table. Mortality for disabled members is based on the PBGC Mortality Table for disabled lives not receiving Social Security Benefits to age 64, and on the 1994 Group Annuity Mortality Table at age 65 and after.

(c) Proportion of members with spouses and form of payment

90% of non-retired members are assumed to be married; wives assumed to be three years younger than their husbands. For retired members receiving some form of joint and survivor annuity, the spouse's actual date of birth was used in the valuation if such information was furnished. Otherwise, wives were assumed to be three years younger than their husbands for members receiving a joint and survivor form of annuity.

For retired members not receiving a joint and survivor form of annuity and for whom no optional form of payment was elected, the assumed form of payment was a life annuity.

(d) Administrative Expense - The administrative expense for the year is set equal to the amount of administrative expenses paid from the System's fund during the fiscal year ending on the valuation date.

Changes in Actuarial Assumptions

The actuarial assumptions used in the June 30, 2007 valuation are the same as used in the prior valuation. However, the interest crediting rate for the Extended Service Incentive Program (ESIP), which is based on the rate for 30 year U.S. Treasuries or their equivalent for the month of June of the valuation year increased from 5.16% as of June 2006 to 5.20% as of June 2007.

Appendix B - Summary of Principal Plan Provisions

Eligibility of Membership

All Supreme Court, District Court of Appeal, Superior Court, and Municipal Court Judges and Justices were immediately eligible for membership, if elected or appointed before November 9, 1994.

Member Contributions

8% of pay. Withdrawal of contributions results in forfeiture of all other benefits.

Service Retirement

- Eligibility – A member who has met the age and service qualifications in one of the following subdivisions shall be eligible for Service Retirement upon specifying the date upon which his or her retirement is to be effective.

Age at Retirement	Service Qualifications	Pre-Retirement Time Limit for Accrual of Service
70 or older	20 years	*
70 or older	10 years	15 years
69	12 years	16 years
68	14 years	18 years
67	16 years	20 years
66	18 years	22 years
65	20 years	24 years
60	20 years	No Limit

* At least 5 years service must immediately precede retirement.

- Benefit - Members retiring after age 60 with at least 20 years service receive 75% of pay of the last judicial office held. With less than 20 years of service, the benefit percentage is 65%.
- Form of Payment - Unreduced 50% contingent annuity with spouse as contingent annuitant. For post-January 1, 1980 judges, there is a one year marriage requirement at benefit commencement.

Termination Benefit

- Eligibility - Completion of 5 years of service.
- Benefit - 3.75% of pay of last judicial office held multiplied by years of service to a maximum of 20 years. Benefit percentage is reduced by 0.25% for each year of service less than 12 years. Benefit begins at the earliest age that member would have been eligible for service retirement had he remained in service; and, the member is at least age 63, or age 60 with 20 years of service.
- Minimum benefit for pre-January 1, 1974 judges - 5% of pay of last judicial office held multiplied by years of service, to a maximum of 8 years. Benefit is payable at age 65.
- Form of Payment - 50% contingent annuity with spouse as contingent annuitant. Minimum benefit is paid as life annuity only.

Disability Retirement

- Eligibility - 4 years of service (no service requirement is necessary for a work-related disability), 2 years of service for pre-January 1, 1989 judges. No service requirement for pre-January 1, 1980 judges.
- Benefit - With 20 years of service, 75% of pay of last judicial office held, payable immediately. With less than 20 years of service, the benefit is 65% of pay.

Pre-retirement Death Benefits

- Spouse's Benefit - 25% of pay of last judicial office held, payable for spouse's lifetime if not eligible for retirement. If a member dies after being eligible to retire, the surviving spouse will receive a monthly allowance equal to 50% of the monthly allowance the member would have received, had he/she retired, for life.
- Contributory Benefit - After 10 years of service, spouse or minor child receives 1.625% of pay of last judicial office held multiplied by years of service, to a maximum of 20 years. Spouse's benefit is payable for life. Child's benefit ceases at age 18, or at age 22 if a full-time student. Requires $2 monthly contribution.
- Benefit with No Spouse or Children - Refund of accumulated member contributions plus one month's pay multiplied by years of service, to a maximum of 6 years.

Post-Retirement Adjustments

- The retirement allowances of retired judges, beneficiaries and individuals receiving benefits under domestic relation orders will increase proportionately according to increases in judicial salary increases for the judicial office last held by the member.

Extended Service Incentive Program (ESIP)

- Eligibility – An active member shall automatically participate in the program if he/she has 20 or more years of creditable service and has attained the age of 60 or more on or after January 1, 2001.
- Vesting – 36 months of creditable service after the later of January 1, 2001 or the date the judge first becomes eligible to participate in the program. However, the 36 months of creditable service requirement is waived in the event of the member's death, disability, or because he/she was unsuccessful in his/her efforts to be reelected or retained in office.
- Benefit – For the first 60 months of participation in the program, 20% of the judge's monthly salaries and 8% of the judge's monthly salaries for the 61st to the 120th months of participation plus interest based on 30-year U.S. Treasury Bonds shall be credited to the judge. The benefit shall be paid in the form of a single, lump sum payment.

Summary of Plan Changes

There have been no significant changes in the plan provisions for the Judges' Retirement System since the prior valuation.

Appendix C - Summary of 10 Year Projections of Contributions & Payouts

10 Year Projections of Expected State Statutory Contributions, Future Benefit Payouts, and Recommended Employer Contributions Under the Alternative Funding Approaches

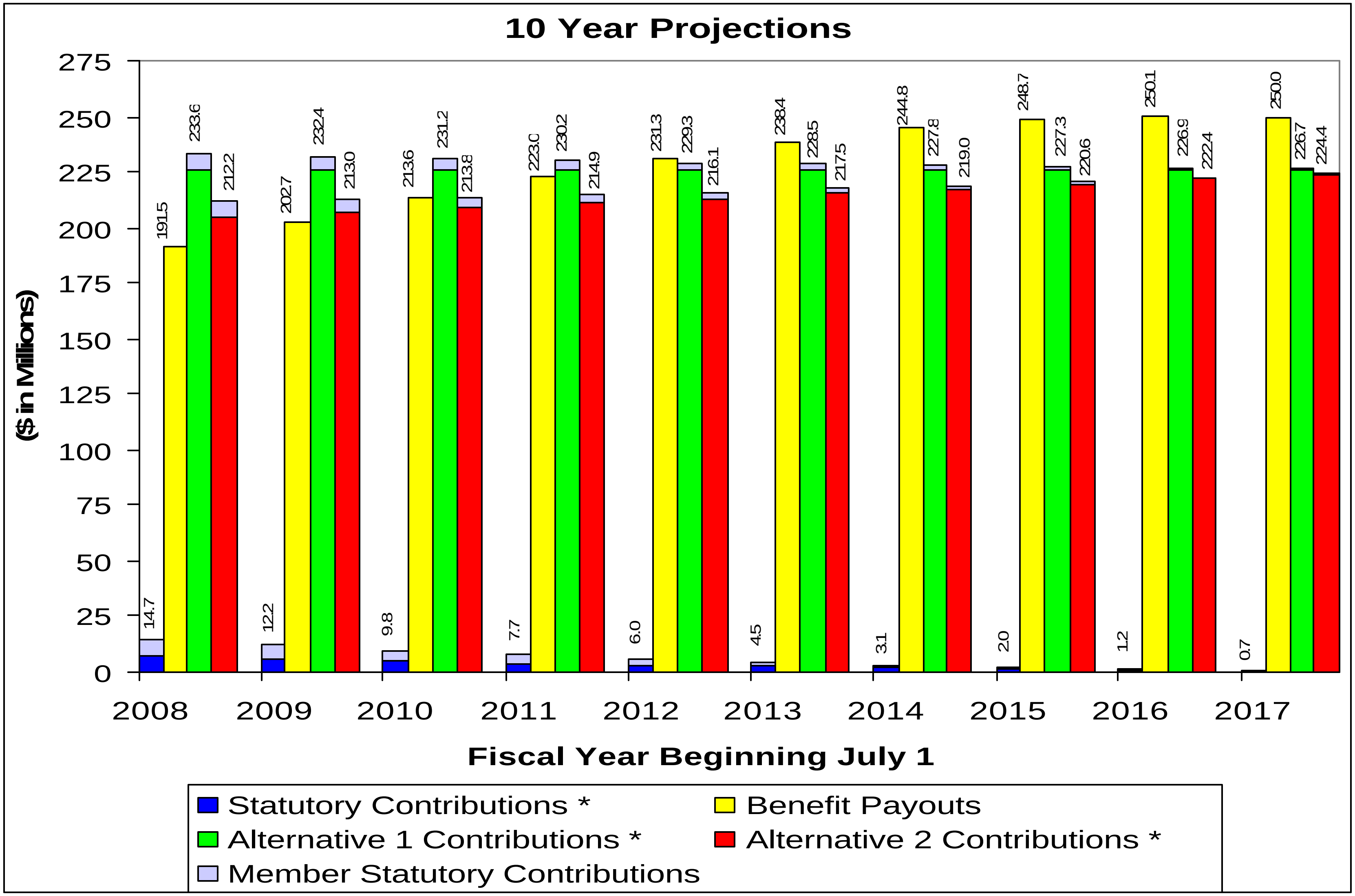
Fiscal Years Beginning July 1	State Statutory Contributions*	Future Benefit Payouts	Alternative 1 Contributions**	Alternative 2 Contributions***
2008	$ 7,352,971	$ 191,475,471	$ 226,295,391	$ 204,809,493
2009	6,108,878	202,708,155	226,295,391	206,857,588
2010	4,920,909	213,574,539	226,295,391	208,926,164
2011	3,869,774	223,005,120	226,295,391	211,015,425
2012	3,003,674	231,250,558	226,295,391	213,125,580
2013	2,241,789	238,401,877	226,295,391	215,256,835
2014	1,549,498	244,768,265	226,295,391	217,409,404
2015	978,399	248,692,620	226,295,391	219,583,498
2016	593,997	250,074,131	226,295,391	221,779,333
2017	372,362	249,994,788	226,295,391	223,997,126

***	Statutory state contributions equal eight percent (8%) of pay. Statutory member contributions are equal to the amount of statutory contributions shown for the State.**

****	Alternative 1 develops a recommended level dollar contribution amount over a period of 30 years.**

*****	Alternative 2 develops recommended dollar contributions that increase at one percent (1%) per year for contribution period of 30 years.**

The projection information summarized above on this page is presented in graph format on the following page, C-2.



* includes statutory member contibutions of 8% of pay

Appendix D - Development of Annual Required Contribution According to GASB 27

GASB 27 The table below shows the development of annual required contribution (ARC) according to Statement No. 27 of the Governmental Accounting Standards Board (GASB 27).

Development of the GASB 27 Annual Required Contribution*

Valuation Date	6/30/2007
1. Present Value of Benefits as of Valuation Date	
a. Active Members	$1,069,661,992
b. Deferred Vested Terminated Members & QDRO's	87,615,800
c. Receiving Benefits	1,686,065,744
d. Total	$2,843,343,536
2. Present Value of Future Employee Contributions as of the Valuation Date	$32,875,919
3. Actuarial Value of Assets as of the Valuation Date	$11,672,313
4. Present Value of Required Future Employer Contributions as of the Valuation Date [(1d) – (2) – (3), but not less than zero]	$2,798,795,304
5. Average Future Service of Active Members (in years)	3.79
6. Employer Normal Cost For Benefits [(4) / (5)]	$738,468,418
7. Administrative Expenses	$701,378
8. Total Employer Normal Cost [(6)+(7)]	$739,169,796
9. Total Annual Required Contribution (ARC) for the Employer for Fiscal Year 2008-2009 [(8) x 1.070]	$790,911,681

*Statement No. 50 of the Governmental Accounting Standards Board (GASB 50) amended GASB 27 by requiring defined benefit pensions plans, such as the Judges' Retirement System, using the aggregate actuarial cost method for determining the ARC to disclose additional information to the notes of its financial statements and required supplemental information. This additional information imposed by GASB 50 is provided on the following page.

Funded Status and Funding Progress

GASB Statements No. 25 and No. 27 were amended to require additional pension disclosures for the Judges' Retirement System since it uses the aggregate actuarial cost method to calculate the ARC.

GASB 50 requires the System to prepare funded status information calculated using the entry age actuarial cost method because the aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. The following information about the plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

The funded status at the current and prior year's actuarial valuations are as follows:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b – a) / c]
6/30/2006	$17,885,942	$2,389,467,524	$2,371,581,582	0.7%	$114,962,265	2062.9%
6/30/2007	$11,672,313	$2,713,640,306	$2,701,967,993	0.4%	$119,273,894	2265.3%

Appendix E – Glossary of Actuarial Terms

Accrued Liability: The portion of the actuarial present value of projected benefits allocated to service before the valuation date in accordance with the actuarial cost method. Some actuarial cost methods, such as the Aggregate actuarial cost method used for this System, do not define an accrued liability and allocate all of the actuarial present value of projected benefits to future normal costs.

Actuarial Assumptions: Assumptions made about the occurrence of future events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability and retirement rates. Economic assumptions include investment return, salary growth and inflation.

Actuarial Cost Method: A procedure employed by actuaries for the allocation of the actuarial present value of projected benefits to time periods, usually in the form of a normal cost and an actuarial accrued liability to achieve certain funding goals for a pension plan. Sometimes this is referred to as the "funding method."

Actuarial Valuation: The determination, as of a valuation date, of the normal cost, actuarial accrued liability, actuarial value of assets and related actuarial present values for a pension plan.

Actuarial Value of Assets: The value of assets used for funding purposes. The actuarial value of assets may be equal to the fair market value of assets, or it may spread the recognition of certain investment gains or losses through an asset smoothing technique where investment gains and losses are partially recognized in the year they are incurred, with the remainder recognized in subsequent years in accordance with an asset valuation method. The actuarial value of assets has been set to equal the fair market value of assets for this System.

Amortization Period: The period of time used for determining the amount, timing, and pattern of recognition of contributions. This period of time is thirty (30) years for developing the recommended employer contribution. The period for determining the employer's periodic required contributions (ARC) under GASB 27 equals the average future working period for the active members in the plan as of the valuation date.

Annual Required Contributions (ARC)	The employer's periodic required contributions to a defined benefit pension plan, calculated in accordance with the parameters of GASB 27.
Normal Cost	The portion of the actuarial present value of projected benefits that is allocated to a period, typically twelve months, under the actuarial cost method. The normal cost may include a provision for expenses.
Pension Actuary	A person who is responsible for the calculations necessary to properly fund a pension plan.
Present Value of Benefits	Sometimes called the "actuarial present value of benefits," the total dollars needed as of the valuation date to make future payments of all benefits, earned in the past or expected to be earned in the future, for current members by application of a particular set of actuarial assumptions.
Statement No. 27 of the Governmental Accounting standards Board (GASB 27)	The accounting standard governing a state or local governmental employer's accounting for pensions.